



# **Aboriginal Affairs and Northern Development Canada**

## **Internal Audit Report**

### **Management Practices Audit of the Northwest Territories Region**

**Prepared by:**

**Audit and Assurance Services Branch**

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## ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
ADM	Assistant Deputy Minister
AES	Audit and Evaluation Sector
CMC	Core Management Controls
CSA	Control Self-Assessment
HR	Human Resources
MPA	Management Practices Audit
MPR	Management Practices Review
NT	Northwest Territories
RBAP	Risk-Based Audit Plan
RCM	Responsibility Centre Manager
RDG	Regional Director General

# EXECUTIVE SUMMARY

## ***Background***

A second round of Management Practices Reviews (MPRs) was included in the 2010-13 Risk-based Audit Plan (RBAP) on the basis that these reviews provide Aboriginal Affairs and Northern Development Canada (AANDC) with an effective and economical approach to improving management practices and increasing awareness of leading practices. The RBAP was recommended by the Audit Committee and approved by the Deputy Minister on April 19, 2010. A revised approach was developed such that these projects were to provide an audit level of assurance, and become Management Practices Audits (MPAs).

The approach for the MPAs included a Control Self-Assessment (CSA) workshop and an audit of management practices focused on the areas of highest risk as identified by the Audit and Evaluation Sector (AES) through the CSA workshop and a review of previous audit and review findings.

## ***Audit Objective and Scope***

The objective of the management practices audit of the Northwest Territories (NT) Region was to provide senior management with assurance over a selection of management practices assessed as being higher risk during a regional CSA workshop, a review of previous audit and review findings, and a review of departmental priorities. For management practices identified as high risk, AES assessed whether the controls and activities in place are adequate and effective in supporting the achievement of regional objectives in a manner that is compliant with applicable policies, procedures and regulations.

The scope of this audit covered the period April 1, 2010 to September 30, 2011. As described in the audit objective, the audit examined higher risk management practices and activities in terms of relative importance and performance. The audit scope included the broad management practice areas of accountability, financial management policies, monitoring and reporting, budgeting and forecasting, risk management, client centered service and human resources.

## ***Observed Strengths***

Throughout the audit fieldwork, the audit team observed several examples of how controls are properly designed and are being applied effectively by the NT Region. This resulted in the following positive findings:

- Authorities, responsibilities and accountabilities are clearly defined and communicated through the use of formal delegation instruments; and,
- The NT Region takes an active role in the monitoring of compliance against certain policies (e.g. a monthly review of contracting awards and acquisition card statements).

## **Statement of Assurance**

In my professional judgment as Chief Audit and Evaluation Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time of the audit and against the audit criteria. It should be noted that the conclusions are applicable only for the Northwest Territories region and the areas examined. The evidence was gathered in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

## **Conclusion**

Generally, management practices were found to be adequate; however, some areas for improvement were noted to strengthen management practices in the following areas: accountability, financial management policies, monitoring organizational performance, planning and budgeting, risk management and client centered service.

## **Recommendations**

The audit team identified areas where NT regional management practices and processes could be improved, resulting in six recommendations as follows.

1. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the minutes of the key committees of the Region represent an accurate reflection of the committee discussions and that, where appropriate, decisions and approvals made are fully documented in order to provide for an effective audit trail and demonstration of transparency and accountability.
2. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the delegated signing authorities for the approval of travel expenses within the Region are understood and correctly applied, and that the process for compiling sample signatures is understood and actively maintained by all individuals charged with such delegated authority.
3. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the performance measurement framework that is currently being developed is finalized for March 31, 2012 in order that it may be implemented during 2012-2013 as the basis for regular measuring and reporting on the region's performance against a range of key indicators.
4. The Regional Director General (RDG) of the Northwest Territories Region should ensure that a year-end review is undertaken of the directorate business plans in order to ensure that activities and objectives were achieved as stated and to identify any areas for improvement and lessons learned for incorporation into subsequent planning activities.

5. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the risk framework for the Region is finalized and approved, which supports the creation of an updated risk profile for the Region. Departmental corporate risk management expertise should be leveraged where relevant and practical in order to develop a formal and documented approach to risk management, including an ongoing process and governance structure for identifying, assessing and monitoring risk mitigation actions.
6. The Regional Director General (RDG) of the Northwest Territories Region should continue to collaborate with other AANDC regions and sectors to define external client services offered by AANDC and develop performance targets for the delivery of these services as part of ongoing management and monitoring of these standards.

# **1. INTRODUCTION AND CONTEXT**

## **1.1 *Management Practices Initiative***

The Audit and Evaluation Sector (AES) conducted twenty (20) Management Practices Reviews (MPRs) between 2007 and 2010, as part of a Department-wide initiative to assess the relative strength of regional and sector management practices. Following the completion of the first round of MPRs, the Deputy Minister and the Audit Committee recommended that a roll-up document be prepared to highlight the strengths and weaknesses of the process and to make a recommendation on whether the management practices initiative should be continued. As a result of the analysis, a second round of MPRs, using a revised approach, was recommended by the Audit Committee and later approved by the Deputy Minister.

Under the revised approach, engagements were to be conducted in two phases to provide departmental management with an audit-level of assurance: a Control Self-Assessment (CSA) workshop and a limited scope audit. Based on the feedback received from the CSA as well as the results of previous audits and reviews, and a review of departmental priorities, a limited number of management practices were to be selected for inclusion in an audit.

## **1.2 *Control Self-Assessment***

The CSA workshop is the venue through which internal audit gathers participants' opinions on the importance, efficiency, and effectiveness of key management practices in their regional office. Specifically, their views on how well each of their key management practices is functioning to support achievement of the Region's objectives. The CSA workshop was coordinated by an AES team, while the discussion was facilitated by an external third-party. The CSA workshop was designed to allow for maximum discussion, with anonymous voting technology used to encourage open and objective feedback. As a result of the workshop discussions, preliminary interviews, and the review of previous engagement findings, AES identified seven key areas of potential risk that required further analysis. These seven areas of risk were as follows: accountability, financial management policies, monitoring and reporting, budgeting and forecasting, risk management, client centered service and human resources. These risk areas were mapped to relevant Core Management Control (CMC) categories and relevant audit criteria were developed and assessed (audit criteria are included in Appendix A).

## **1.3 *Northwest Territories Region***

AANDC has a diverse mandate in the Northwest Territories Region, which includes administering programs and services, and acting as a regulatory authority on major mining and infrastructure projects. The programs and services provided in the Region play an important part in the day-to-day workings of the territory and AANDC employs people from many different fields, such as geology, finance, information technology, resource management, human resources and the environment.

In the Northwest Territories, AANDC has a wide variety of responsibilities, including land, water and resource management; aboriginal and territorial relations; Indian and Inuit services; as well as internal functions such as corporate services; policy and planning, human resources and leadership; communications; and public affairs.

Overseeing all of the programs and services in the NT Region is the Executive Office, which includes the Regional Director General (RDG), who is supported by the Associate Regional Director General. The Executive Office and its support staff are led by the RDG, who reports to the Assistant Deputy Minister of the Northern Affairs Organization.

## **2. AUDIT OBJECTIVE AND SCOPE**

### **2.1 *Audit Objective***

The objective of this audit was to provide senior management with assurance over a selection of management practices assessed as being higher risk as identified through a regional CSA workshop, a review of previous audit and review findings, and a review of departmental priorities. For management practices identified as high risk, AES assessed whether the controls and activities in place are adequate and effective in supporting the achievement of regional objectives in a manner that is compliant with applicable policies, procedures and regulations.

The audit objective was supported by detailed audit criteria developed in alignment with Core Management Controls.

### **2.2 *Audit Scope***

The scope of this audit covered the period April 1, 2010 to September 30, 2011. The audit examined management practices and activities considered by management and AES to be higher risk in terms of relative importance and performance. In certain instances where audit work was recently conducted or where future audit work is planned, management practices identified as high risk were excluded from the scope of this audit.

The audit scope included the broad management practice areas of accountability, financial management policies, monitoring and reporting, planning and budgeting, risk management, client centered service and human resources.

Audit fieldwork was conducted between December 7, 2011 and December 23, 2011, including a site visit to the Yellowknife office of the Northwest Territories Region from December 12, 2011 to December 16, 2011.

## **3. APPROACH AND METHODOLOGY**

The Management Practices Audit of the Northwest Territories Region was planned and conducted to be in accordance with the *International Standards for the Professional Practice of Internal Auditing*.



Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the audit conclusion provided and contained in this report.

The principal audit techniques used included:

- Interviews with key regional management and staff personnel;
- Review of relevant documentation related to accountability, financial management policies, monitoring and reporting, budgeting and forecasting, risk management, client centered service and human resources;
- Evaluation of the system of internal controls, risk management and governance within the Region for processes within the audit scope;
- Conduct of a detailed review of a sample of internal communication tools (e.g. e-mails, meeting notes, Intranet, etc.); and,
- Conduct of a detailed examination of a sample of 25 travel expense claims to ensure compliance with relevant policies and delegated levels of approval authorities.

The approach used to address the audit objectives included the development of audit criteria against which observations, assessments and conclusions were drawn. The audit criteria developed for this audit are included in Appendix A.

For the purposes of the examination of internal communications and travel expense claims, a control-based sample was selected covering the period of audit scope of April 1, 2010 to September 30, 2011. The sampling strategy considered the following factors: coverage across fiscal years; the type of travel claims; identified risks; and, the frequency and type of controls to be tested.

## **4. CONCLUSION**

Generally, management practices were found to be adequate; however, some areas for improvement were noted to strengthen management practices in the following areas: accountability, financial management policies, monitoring organizational performance, planning and budgeting, risk management, and client centered service.

## **5. OBSERVATIONS AND RECOMMENDATIONS**

Based on a combination of the evidence gathered through the examination of documentation, analysis and interviews, each audit criterion was assessed by the audit team and a conclusion for each criterion was determined. Where a significant difference between the audit criterion and the observed practice was found, the risk of the gap was evaluated and used to develop a conclusion and to provide recommendations for improvement.

Observations include both management practices considered to be strong as well as those requiring improvement. Management areas identified for improvement include the impact of the weakness identified and recommendations for corrective actions.

## **5.1 Accountability**

### **5.1.1 Transparency of Decision Making**

Effective governance includes the decision-making process and the process by which decisions are implemented (or not implemented). To support good governance, it is important that management oversight structures and mechanisms are established and functioning, with clearly communicated mandates, and that those governance structures remain transparent and accountable.

The governance committee structure in the Region includes three important committees: the Regional Executive Committee (REC); the Results Committee (RC); the Human Resources Committee (HRC); and the Governance Committee (GC). The audit found that while regional management has adequate organizational and governance structures, improvement opportunities exist with respect to the process for recording discussions and decisions made at relevant governance committees. The following examples illustrate this:

- The REC, chaired by the RDG, is mandated as the strategic decision making body for the Region; however, there is a lack of evidence to confirm that decisions are being made at this level and there is a lack of evidence in the minutes that supporting discussions and/or recommendations for decisions are being formally recorded. In all cases within the records of meeting minutes sampled for review, the agenda item entitled “Decision Items” stated that none were identified (or the section was left blank).
- From a review of REC minutes, it was noted that there is a lack of evidence to show that the REC formally reviews and approves the Region’s strategic plan, business plans, budgets, operational priorities and quarterly reports. For example, it is noted that the REC meeting on January 31, 2011 (section 8 of the agenda, entitled “Decision Items”), shows that a report was attached for the purpose of reviewing the *Integrated Business Planning and 2011-2012 Allocations*; however, the minutes do not record the discussion and/or approval of this report.
- The RC develops an annual action plan in order to coordinate activities and enable timely management of expected outputs. Included in the action plan is the activity to produce the Region’s quarterly reports and, for each of these, “present to REC and make recommendations to the RDG”. There is a lack of evidence in the REC minutes that the quarterly reports were presented to the REC with recommendations.

As a result, without documented records of decisions (and supporting discussions and/or recommendations), there is an increased risk that regional management is not able to demonstrate accountability and transparency in its decision making, nor able to demonstrate that management is actively overseeing the activities of the Region.

***Recommendation:***

1. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the minutes of the key committees of the Region represent an accurate reflection of the committee discussions and that, where appropriate, decisions, recommendations and approvals made are fully documented in order to provide for an effective audit trail and demonstration of transparency and accountability.

## **5.2 Financial Management Policies**

### **5.2.1 Approval of Travel Expenses**

Compliance with the federal government's travel policy is important in order to demonstrate value for money and to ensure that all travel is undertaken within acceptable limits and that there is transparency and accountability within the process. In supporting the travel policy, the Region follows delegated levels of financial authority, designed to be applied following a management review of expense claims.

A sample of 25 travel expense claims was selected for audit testing of compliance against the National Joint Council Travel Directive and the Region's delegated approval signing authorities. While no issues were detected with respect to policy compliance, it was noted that there were three (3) anomalies in the application of the delegated signing authorities.

The correct application of delegated approval authorities with respect to expenses is important in ensuring that travel expense claims are complete, accurate and are in compliance with relevant policies and procedures.

***Recommendation:***

2. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the delegated signing authorities for the approval of travel expenses within the Region are understood and correctly applied, and that the process for compiling sample signatures is understood and actively maintained by all individuals charged with such delegated authority.

## **5.3 Monitoring Organizational Performance**

### **5.3.1 Performance Measurement Framework**

To help identify how management is progressing against planned activities, it is important to identify planned results and performance measures that are linked to organizational objectives. In addition, it is critical that management monitor its actual performance against planned results and adjust course as needed.

Performance measurement and reporting for the NT Region currently includes evaluative tools and activities such as: Integrated Business Planning Review, and through the Quarterly Reporting process. The Region has recognized the need for more effective performance

reporting, which is necessary to enable the Region to measure and report its results on an annual basis through the development of a formal Performance Measurement Framework.

The Region is currently in the process of developing a Region-specific performance measurement framework in order to facilitate the timely monitoring and reporting against key performance indicators. The framework is being designed to include the development of target indicators and performance measures to track and monitor progress against regional objectives and, where relevant, overall departmental objectives. The framework is also intended to describe the tools, data gathering and monitoring activities for performance measurement along with the indicators that will measure progress in delivering the strategies and reaching the objectives set out in the Region's Strategic Plan.

***Recommendation:***

3. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the performance measurement framework that is currently being developed is finalized for March 31, 2012 in order that it may be implemented during 2012-2013 as the basis for measuring, monitoring and reporting on the Region's performance against a range of key indicators.

## **5.4 Planning and Budgeting**

### **5.4.1 Annual Review of Business Plan Performance**

A business plan provides the opportunity to look ahead, allocate resources, focus on key activities and objectives, and identify financial and staffing resources. To be effective, business plans should be measurable in order that results can be tracked and compared against expectations.

To help monitor and report on performance against business plans, it is important to have a rigorous and formalized process for periodic review (e.g. mid-year and year-end) to assess progress and instill a lessons-learned approach for future planning activities.

The budget for the Region is developed by first receiving the annual budget allocation for the NT Region from the Northern Affairs Organization (NAO). The regional allocation is then allocated out to the Region's various directorates by the Governance Committee (GC). Within the directorates, individual business plans including budget proposals are then created and examined by the GC and are then consolidated into an Integrated Business Plan for the Region which is approved by the Chair of the GC and then receives final approval by the RDG. An Integrated Business Planning Committee, which is a sub-committee of the GC has responsibility to challenge directorate budgets as the final budget is developed and approved.

Each Responsibility Centre Manager (RCM) is required to develop a business plan for their area and the Policy and Planning Directorate provides them with a planning guidance document in order that there is consistency of approach and documentation. This document provides guidance for the preparation and completion of the business plans, leading to the overall

Integrated Business Plan for the Region, and includes guidance on documenting the RCM's key activities, and Human Resources, IM/IT and Financial Plans for the relevant fiscal year. The business plans provide information on each RCM's own business objectives, ensuring that they are aligned with regional objectives, priorities, strategies and Program Activity Architecture.

It was noted that a mid-year review was undertaken of the RCM business plans, whereby the relevant directors/managers made status update presentations to the Integrated Business Planning Committee, chaired by the Director of Policy and Planning. At the end of the year; however, this process was not repeated to determine the achievements made against the business plans and how these could be improved and/or what lessons could be learned for incorporation into the subsequent year's plans.

***Recommendation:***

4. The Regional Director General (RDG) of the Northwest Territories Region should ensure that a year-end review is undertaken of the directorate business plans in order to ensure that activities and objectives were achieved as stated and to identify areas for improvement and lessons learned for incorporation into subsequent planning activities.

## **5.5 Risk Management**

### **5.5.1 Regional Risk Profile**

At AANDC there is an expectation that the Regions understand the key risks that threaten their ability to meet their objectives, and that they have appropriate mitigation plans in place. Having a documented approach to risk management enables management to better identify, articulate and understand the potential risks to the achievement of the organization's objectives and to determine the exposure to these risks given controls and/or mitigation activities. The focus of this audit scope area was on the risk management activities being undertaken within the Region.

The audit found that the Region's approach to risk management is being formally articulated in a risk management framework document that is currently in draft format. To ensure that identified risks are managed and monitored, it will be important that the Region finalizes its formal approach for the ongoing management of risks. The audit also noted that risks identified in responsibility centre business plans are not aggregated by the Region into an overall region-wide risk register or profile.

The Region's previous risk profile, developed and finalized in 2008, does not align with the Region's current risks as detailed in the individual RCM business plans and is therefore outdated. In addition, there is currently no formal mechanism used by management on an ongoing basis to assess, monitor and report on regional risks or the progress of risk mitigation actions.

The Region, within the Results Committee (RC) 2011-2012 Action Plan, has committed to developing a risk profile for the Region and has stated that the RC will monitor the risks within

this profile on a quarterly basis. Developing a Regional Risk Profile is an important governance and management oversight practice which should be undertaken. A Regional Risk Profile should be based on a documented approach, using standardized templates and rating criteria, and be supported by a formal risk assessment, the development of mitigating action plans and a robust monitoring process. The results of the periodic risk assessments can be used by management to inform ongoing planning and budget and resource allocation decisions by focusing resources and attention on areas of higher risk.

***Recommendation:***

5. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the risk framework for the Region is finalized and approved, which supports the creation of an updated risk profile for the Region. Departmental corporate risk management expertise should be leveraged where relevant and practical in order to develop a formal and documented approach to risk management, including an ongoing process and governance structure for identifying, assessing and monitoring risk mitigation actions.

## **5.6 Client Centered Service**

### **5.6.1 External Client Service Standards**

Establishing a client service orientation, managing external clients' expectations, and being able to improve operations to better meet client needs are important factors in providing focus on delivering services to the Region's external clients. In implementing a client service orientation, it is important that regional offices establish external service standards that are actively communicated to clients, managed, monitored and improved, based on feedback solicited from clients. In developing such standards, a consistent, national approach must be taken that strikes an appropriate balance between the department's efforts to improve the quality of service to recipients while also reducing the reporting burden.

Within the Region, select external service standards for regulatory functions and activities in the Region are in place and are defined through legislation. For example: the regulatory functions and services executed by the Region with regards to land and natural resources have service standards that are clearly established by legislation (prospecting permits, land tenure permits)

Through enquiry with regional management, the audit found, however, that formal external client service delivery standards and expected turnaround times have not been established for transfer payment funding recipients, and for services provided directly to Aboriginal clients. As such, external service delivery standards also are not formally managed or communicated. Consequently, there is no process for the management and monitoring of service standards and there are limitations on the Region's ability to solicit and respond to feedback from these external clients.

It is noted that AANDC has started a department wide initiative towards defining external service delivery standards for the regions; however, a listing of external service delivery standards is not

yet available. As a result, it is difficult for regional management to provide external clients with tangible expectations or deadlines, which can lead to uneven or lower levels of client satisfaction. Without established and actively managed external service delivery standards, there is an increased risk that management will not be able to assess its performance in meeting client expectations or do so in a uniform manner (for all clients) and will not be able to continuously improve its delivery approach and mechanisms.

***Recommendation:***

6. The Regional Director General (RDG) of the Northwest Territories Region should continue to collaborate with other AANDC regions and sectors to define external client services offered by AANDC and develop performance targets for the delivery of these services as part of ongoing management and monitoring of these standards.

## **5.7 Human Resources**

### **5.7.1 Follow Up on Prior Audits**

Effective stewardship includes processes whereby management action is taken to address findings and recommendations raised in prior audit reports.

Two audits had previously been undertaken in 2010 within the Region: a Public Service Commission (PSC) audit; and an AANDC Human Resources and Workplace Services Branch (HRWSB) quality assurance audit.

The PSC audit was AANDC-wide in scope and the resulting management actions arising from the recommendations contained in the report are all being managed directly by AANDC HRWSB via an HR Work Plan.

The final report for the HRWSB quality assurance audit was issued on December 12, 2011 and, therefore, the Region has not yet been requested by HRWSB to prepare an action plan.

***Recommendation:***

No recommendations were identified in this area.

### **5.7.2 Incorporation of Human Resources into Budgeting**

To ensure optimal use of human capital to support the achievement of the Region's goals, it is important that human resource planning be aligned with strategic and business planning, and that human resource planning includes information on the related financial resources. Without a good understanding of the human and financial resources required to implement planned activities, it is difficult for management to properly determine the real needs of the organization.

Within the Region, human resource planning is aligned with business objectives through the business planning process, with each business plan detailing the required staffing priorities and short term strategies required to meet objectives.

The Regional Director General approves the business plans, upon the recommendation of the Integrated Business Planning Committee, and this includes the approval of Human Resource requirements and associated salary requirements. All salaries are budgeted and managed centrally, which takes into account the available financial budget and staffing requests made during the business planning process and are subject to Regional Director General approval.

***Recommendation:***

No recommendations were identified in this area.



## 6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the minutes of the key committees of the Region represent an accurate reflection of the committee discussions and that, where appropriate, decisions, recommendations and approvals made are fully documented in order to provide for an effective audit trail and demonstration of transparency and accountability.</p>	<p>The NT Region will be updating the Terms of Reference for each regional committee included in the NT Region Governance Policy. The RDG has already charged the Director, Policy and Planning, and the Senior Advisor with this function.</p> <p>The members of REC do approve documents and recommendations but not necessarily through REC. In fact, many of the associated discussions and decisions take place through other forums which the members participate in.</p>	<p>Regional Director General (RDG) of the Northwest Territories Region</p>	<p>February 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>2. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the delegated signing authorities for the approval of travel expenses within the Region are understood and correctly applied and that the process for compiling sample signatures is understood and actively maintained by all individuals charged with such delegated authority.</p>	<p>The Corporate Services directorate will work specifically with the directorate referred to in the audit to review the exceptions follow up as required.</p> <p>During FY 2012/13, Corporate Services in conjunction with Human Resources and Leadership will develop ongoing orientation and refresher sessions regarding delegated authority. This will occur before the end of September 2012.</p>	<p>Regional Director General (RDG) of the Northwest Territories Region</p>	<p>September 2012</p>
<p>3. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the performance measurement framework that is currently being developed is finalized for March 31, 2012 in order that it may be implemented during 2012-2013 as the basis for measuring, monitoring and reporting on the Region's performance against a range of key indicators.</p>	<p>The Performance Measurement Framework will be presented to the Governance Committee, Regional Executive Committee and RDG for approval in early March. The implementation phase will follow in April 2012. A performance framework had been previously drafted; however, implementation was delayed as the NCR required changes to the planning and reporting schedules.</p>	<p>Regional Director General (RDG) of the Northwest Territories Region</p>	<p>April 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>4. The Regional Director General (RDG) of the Northwest Territories Region should ensure that a year-end review is undertaken of the directorate business plans in order to ensure that activities and objectives were achieved as stated and to identify areas for improvement and lessons learned for incorporation into subsequent planning activities.</p>	<p>The NT Region is planning to restart the Managers Spring Meeting during which managers will present their retrospective comparison of their division's past fiscal year business plan and activities. In addition to managers identifying key areas and lessons learned, senior management will discuss current fiscal year operational priorities and business planning activities.</p>	<p>Regional Director General (RDG) of the Northwest Territories Region</p>	<p>May 2012</p>
<p>5. The Regional Director General (RDG) of the Northwest Territories Region should ensure that the risk framework for the Region is finalized and approved, which supports the creation of an updated risk profile for the Region. Departmental corporate risk management expertise should be leveraged where relevant and practical in order to develop a formal and documented approach to risk management, including an ongoing process and governance structure for identifying, assessing and monitoring risk mitigation actions.</p>	<p>The NT Region is using the NAO Risk profile, which was developed with the information and input from the region.</p> <p>The regional framework illustrates the governance structure and active process of identifying, assessing and monitoring implemented risk mitigation.</p>	<p>Regional Director General (RDG) of the Northwest Territories Region</p>	<p>June 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>6. The Regional Director General (RDG) of the Northwest Territories Region should continue to collaborate with other AANDC regions and sectors to define external client services offered by AANDC and develop performance targets for the delivery of these services as part of ongoing management and monitoring of these standards.</p>	<p>The RDG sits on the National Standards Excellence Committee and we continue to work with NCR and other regions on a number of national initiatives such as, the Secure Certificate of Indian Status (SCIS) and the implementation of the new Policy on Transfer Payments to improve our client service performance.</p>	<p>Regional Director General (RDG) of the Northwest Territories Region</p>	<p>April 2012</p>

## Appendix A: Audit Criteria

The audit objective is linked to audit criteria developed in alignment with Core Management Controls. Additional audit criteria were developed to address specific risks identified in the planning phase.

<b>Accountability</b>	
1.1	Authorities, responsibilities and accountabilities are clear and communicated.
1.2	A clear and effective organizational structure is established and documented.
<b>Financial Management Policies</b>	
2.1	Financial management policies and authorities are appropriately maintained to mitigate financial risks and are communicated.
2.2	Compliance with financial management laws, policies and authorities is monitored regularly.
<b>Monitoring Organizational Performance</b>	
3.1	Management monitors actual performance against planned results and adjusts course as needed.
3.2	Appropriate and timely financial and non-financial reporting is communicated internally and externally.
<b>Planning and Budgeting</b>	
4.1	Timely budgets and forecasts are developed through a rigorous process, which includes a challenge of resource allocation decisions and monitoring on a regular basis.
<b>Risk Management</b>	
5.1	Management's direction and approach to risk management are formally articulated, communicated and understood.
5.2	Management identifies the risks that may preclude the achievement of its objectives.
5.3	Management formally assesses, routinely monitors and responds to the risks it has identified.
5.4	Management appropriately communicates and reports its risks and risk management strategies to key stakeholders.
<b>Client Centered Service</b>	
6.1	Service standards are established and communicated.
6.2	Service standards are managed, monitored and feedback is solicited from external clients.
<b>Human Resources</b>	
7.1	HR planning incorporates actions arising from audit recommendations.
7.2	Human resource planning is incorporated within budget setting and forecasting.